

Senate File 2312 - Introduced

SENATE FILE 2312

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2212)

(SUCCESSOR TO SSB 3146)

A BILL FOR

1 An Act modifying the state sales tax rebate to the owner or
2 operator of a baseball and softball tournament facility and
3 movie site.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 15F.207 **Baseball and softball**
2 **complex sales tax rebate.**

3 1. *Definitions.* As used in this section, unless the context
4 otherwise requires:

5 a. *"Baseball and softball complex"* and *"owner or operator"*
6 mean the same as defined in section 423.4, subsection 10.

7 b. *"Board"* means the same as defined in section 15.102.

8 2. *Application.* An entity that has made or is making an
9 application under section 15F.202, subsection 2, for financial
10 assistance for a project may make an application for the sales
11 tax rebate provided under section 423.4, subsection 10. The
12 application shall be made in the same manner and form as
13 provided in section 15F.202, subsection 2, and shall include
14 but not be limited to the same information as required in
15 section 15F.202, subsection 2.

16 3. *Eligibility.*

17 a. The project must satisfy all of the following criteria to
18 be eligible for a sales tax rebate:

19 (1) The project upon completion will be a baseball and
20 softball complex.

21 (2) The entity making the application is or will become the
22 owner or operator of the baseball and softball complex.

23 b. A project shall not be required to be receiving an award
24 of financial assistance under another part of the program
25 in order to be awarded a sales tax rebate pursuant to this
26 section.

27 4. *Application review and award.*

28 a. Applications for the sales tax rebate shall be submitted
29 to the authority. For those applications that meet the
30 eligibility criteria, the authority shall provide a staff
31 review and evaluation, with recommendation, to the board.

32 b. When reviewing applications, the authority shall
33 consider, at a minimum, the same factors provided in section
34 15F.203, subsection 3, excluding paragraph "f" of that
35 subsection.

1 c. Upon review of the recommendation of the authority, the
2 board shall approve, defer, or deny an application.

3 d. Upon approval of an application for a sales tax rebate,
4 the board shall notify the department of revenue regarding the
5 amount of the sales tax rebate award, a description of the
6 project comprising the baseball and softball complex, and any
7 other information reasonably requested by the department in
8 order to administer the sales tax rebate.

9 5. *Maximum award amount.* The board shall not award more
10 than two million five hundred thousand dollars in sales tax
11 rebates for any one baseball and softball complex, and shall
12 not award more than sixteen million five hundred thousand
13 dollars in total sales tax rebates for all baseball and
14 softball complexes.

15 6. *Future repeal.* This section is repealed thirty days
16 following the date on which sixteen million five hundred
17 thousand dollars in total rebates have been awarded. The board
18 shall notify the Iowa Code editor upon occurrence of this
19 condition.

20 Sec. 2. Section 423.2, subsection 11, paragraph a,
21 subparagraph (2), Code 2016, is amended to read as follows:

22 (2) Subsequent to the deposit into the general fund of
23 the state, the director shall credit an amount equal to the
24 product of the sales tax rate imposed in [this section](#) times
25 the sales price of the tangible personal property or services
26 furnished to purchasers at a baseball and softball ~~tournament~~
27 ~~facility and movie site meeting~~ complex that has received an
28 award under section 15F.207 and that meets the qualifications
29 of [section 423.4, subsection 10](#), into the baseball and softball
30 ~~tournament facility and movie site~~ complex sales tax rebate
31 fund created under [section 423.4, subsection 10](#), paragraph "e".
32 The director shall credit the moneys beginning the first day of
33 the quarter following July 1, ~~2012~~ 2016. This subparagraph is
34 ~~repealed June 30, 2024, or~~ thirty days following the date on
35 which sixteen million five hundred thousand dollars in total

1 rebates have been provided under section 423.4, subsection
2 10, ~~or thirty days following the date on which rebates cease~~
3 ~~as provided in section 423.4, subsection 10, paragraph "c",~~
4 ~~subparagraph (4), whichever is earliest.~~

5 Sec. 3. Section 423.2, subsection 11, paragraph b,
6 subparagraph (4), Code 2016, is amended to read as follows:

7 (4) Transfer to the baseball and softball tournament
8 ~~facility and movie site~~ complex sales tax rebate fund that
9 portion of the sales tax receipts described in paragraph "a",
10 subparagraph (2), remaining after the transfers required
11 under subparagraphs (1), (2), and (3) of this paragraph "b".
12 This subparagraph is repealed June 30, 2024, ~~or thirty days~~
13 ~~following the date on which sixteen million five hundred~~
14 ~~thousand dollars in total rebates have been provided under~~
15 ~~section 423.4, subsection 10, or thirty days following the date~~
16 ~~on which rebates cease as provided in section 423.4, subsection~~
17 ~~10, paragraph "c", subparagraph (4), whichever is earliest.~~

18 Sec. 4. Section 423.4, subsection 10, Code 2016, is amended
19 to read as follows:

20 10. a. For purposes of this subsection:

21 (1) ~~"Baseball and softball tournament facility and movie~~
22 ~~site"~~ means a baseball and softball tournament complex and
23 ~~tourist destination, which facility is located on a maximum of~~
24 ~~two hundred seventy-nine acres, located inside or within three~~
25 ~~miles of the city limits of a city with a population of at least~~
26 ~~four thousand but not more than five thousand five hundred~~
27 ~~residents, which city is located in a county with a population~~
28 ~~of at least ninety-three thousand but not more than one hundred~~
29 ~~thousand residents and where the construction on the baseball~~
30 ~~and softball tournament facility commenced not later than July~~
31 ~~1, 2013, and the cost of the construction upon completion was~~
32 ~~at least thirty-eight million dollars. "Baseball and softball~~
33 complex" means a baseball and softball complex located in this
34 state that has a project completion date that is after July 1,
35 2016, and that has a cost of construction upon completion that

1 is at least ten million dollars.

2 (2) "*Change of control*" means any of the following:

3 (a) Any change in the ownership of the original or any
4 subsequent legal entity that is the owner or operator of the
5 baseball and softball ~~tournament facility and movie site~~
6 complex such that more than fifty-one percent of the equity
7 interests or voting interest in the legal entity ~~cease~~ ceases
8 to be owned by individuals who are residents of Iowa, an Iowa
9 corporation, or combination of both.

10 (b) The original owners of the legal entity that is the
11 owner or operator of the baseball and softball ~~tournament~~
12 ~~facility and movie site~~ complex shall collectively cease to
13 own or control more than fifty percent of the voting equity
14 interests or voting interest of such legal entity or shall
15 otherwise cease to have effective control of such legal entity.

16 (3) "*Iowa corporation*" means a corporation incorporated
17 under the laws of Iowa where more than fifty-one percent of the
18 corporation's equity interests or voting interest are owned or
19 controlled by individuals who are residents of Iowa.

20 (4) "*Owner or operator*" means a ~~for-profit~~ legal entity
21 where more than fifty-one percent of its equity interests ~~are~~
22 or voting interest is owned or controlled by individuals who
23 are residents of Iowa, an Iowa corporation, or combination
24 of both and that is the owner or operator of a baseball and
25 softball ~~tournament facility and movie site~~ complex and is
26 primarily a promoter of baseball ~~and~~ or softball tournaments,
27 or both.

28 (5) ~~"Population" means the population based upon the 2010~~
29 ~~certified federal census.~~ "Project completion date" means the
30 date on which a baseball and softball complex is placed into
31 service.

32 *b.* The owner or operator of a baseball and softball
33 ~~tournament facility and movie site may apply to the department~~
34 ~~for~~ complex that has received an award under section 15F.207
35 shall be entitled to a rebate of sales tax imposed and

1 collected by retailers upon sales of any goods, wares,
2 merchandise, admission tickets, or services furnished to
3 purchasers at the baseball and softball ~~tournament facility and~~
4 ~~movie site~~ complex.

5 c. The rebate may be obtained only in the following amounts
6 and manner and only under the following conditions:

7 (1) On forms furnished by the department within the time
8 period provided by the department by rule, which time period
9 shall not be longer than quarterly.

10 (2) The owner or operator shall provide information as
11 deemed necessary by the department.

12 (3) The transactions for which sales tax was collected and
13 the rebate is sought occurred on or after ~~January 1, 2014, but~~
14 ~~before January 1, 2024~~ the baseball and softball complex's
15 project completion date or the date on which the award under
16 section 15F.207 was made, whichever is later, but before the
17 date which is ten years after the project completion date.
18 However, ~~not more than~~ the amount of rebates provided to a
19 baseball and softball complex shall not exceed the amount of
20 the award under section 15F.207, and not more than sixteen
21 million five hundred thousand dollars in total rebates shall be
22 provided pursuant to [this subsection](#).

23 (4) Notwithstanding subparagraph (3), the rebate of
24 sales tax to a baseball and softball complex shall cease for
25 transactions occurring on or after the date of the change of
26 control of the baseball and softball ~~tournament facility and~~
27 ~~movie site~~ complex.

28 d. To assist the department in determining the amount of the
29 rebate, the owner or operator shall identify to the department
30 retailers located at the baseball and softball ~~tournament~~
31 ~~facility and movie site~~ complex who will be collecting sales
32 tax. The department shall verify such identity and ensure
33 that all proper permits have been issued. For purposes of
34 this subsection, advance ticket and admissions sales shall be
35 considered occurring at the baseball and softball ~~tournament~~

1 ~~facility and movie site complex~~ regardless of where the
2 transactions actually occur.

3 e. There is established within the state treasury under
4 the control of the department a baseball and softball
5 ~~tournament facility and movie site complex~~ sales tax rebate
6 fund consisting of the amount of state sales tax revenues
7 transferred pursuant to [section 423.2, subsection 11](#), paragraph
8 "b", subparagraph (4). An account is created within the fund
9 for each baseball and softball ~~tournament facility and movie~~
10 ~~site complex~~ receiving an award under [section 15F.207](#) and
11 meeting the qualifications of [this subsection](#). Moneys in the
12 fund shall only be used to provide rebates of state sales tax
13 pursuant to [this subsection](#), and only the state sales tax
14 revenues in the baseball and softball ~~tournament facility and~~
15 ~~movie site complex~~ rebate fund are subject to rebate under this
16 subsection. ~~Not more than~~ The amount of rebates paid from each
17 baseball and softball complex's account within the fund shall
18 not exceed the amount of the award under section 15F.207, and
19 not more than sixteen million five hundred thousand dollars in
20 total rebates shall be paid from the fund. Any moneys in the
21 fund which represent state sales tax revenue for which the time
22 period in paragraph "c" for receiving a rebate has expired,
23 or which otherwise represent state sales tax revenue that has
24 become ineligible for rebate pursuant to [this subsection](#), shall
25 immediately revert to the general fund of this state.

26 f. Upon determining that the conditions and requirements
27 of [this subsection](#) and the department are met, the department
28 shall issue a warrant from the applicable account within the
29 baseball and softball ~~tournament facility and movie site~~
30 ~~complex~~ rebate fund to the owner or operator in the amount
31 equal to the amount claimed and verified by the department.

32 g. [This subsection](#) is repealed ~~June 30, 2024, or thirty~~
33 days following the date on which sixteen million five hundred
34 thousand dollars in total rebates have been provided, ~~or thirty~~
35 ~~days following the date on which rebates cease as provided in~~

1 ~~paragraph "c", subparagraph (4), whichever is the earliest.~~
2 The director of revenue shall notify the Iowa Code editor upon
3 occurrence of this condition.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 This bill modifies the rebate of state sales tax to the owner
8 or operator of a baseball and softball tournament facility and
9 movie site and makes the rebate subject to an award by the
10 economic development authority board.

11 BACKGROUND. 2012 Iowa Acts, chapter 1098, enacted a sales
12 tax rebate to the owner or operator of a baseball and softball
13 tournament facility and movie site (facility). In order to
14 be eligible for the rebate, the facility must be located on a
15 maximum of 279 acres and located inside or within three miles
16 of the city limits of a city with a population between 4,000
17 and 5,500, which is located in a county with a population
18 between 93,000 and 100,000. Construction on the facility
19 must commence not later than July 1, 2013, and the cost of
20 construction must be at least \$38 million.

21 The rebate only applies to state sales tax collected at
22 the facility between January 1, 2014, and December 31, 2023.
23 The rebate ceases if control of the facility changes. The
24 rebate provision is repealed June 30, 2024, or 30 days after a
25 total of \$16.5 million has been rebated, or 30 days following
26 the change of control causing the rebates to cease, whichever
27 occurs earlier.

28 CHANGES IN BILL. The bill changes the name of the qualifying
29 "baseball and softball tournament facility and movie site" to
30 a "baseball and softball complex", changes the requirements
31 to qualify for the sales tax rebate, and makes the rebate
32 subject to an award by the economic development authority board
33 (board).

34 An entity that is or will become the owner or operator of
35 a baseball and softball complex and that has or is making an

1 application to the economic development authority (EDA) for
2 financial assistance under the community attraction and tourism
3 program (CAT program) is eligible to apply for the sales tax
4 rebate in the same manner and form as an application for the
5 CAT program is made. However, a project for a baseball and
6 softball complex is not required to be receiving financial
7 assistance under another part of the CAT program in order to
8 be awarded a sales tax rebate. In order to be eligible for a
9 rebate award, the project upon completion will be a baseball
10 and softball complex. Applications are reviewed by the EDA in
11 the same manner as applications under the CAT program, except
12 that the EDA is not required to consider whether the applicant
13 has received financial assistance under the CAT program for the
14 same project. Upon review of the application, the EDA makes a
15 recommendation to the board and the board approves, defers, or
16 denies the application. The board shall not award more than
17 \$2.5 million in sales tax rebates for any one baseball and
18 softball complex and shall not award more than \$16.5 million
19 in total sales tax rebates for all baseball and softball
20 complexes. The sales tax rebate award provisions are repealed
21 30 days after the board awards a total of \$16.5 million in
22 sales tax rebates. A baseball and softball complex that has
23 received an award qualifies for the sales tax rebate if it is
24 located in this state, has a project completion date that is
25 after July 1, 2016, and has construction costs of at least \$10
26 million. "Project completion date" is defined in the bill to
27 mean the date on which the baseball and softball complex is
28 placed into service.

29 The bill removes the requirement that the legal entity
30 that is the owner or operator of the complex be a for-profit
31 legal entity, and further modifies the percentage-of-ownership
32 requirements for qualification as an owner or operator and
33 for the occurrence of a change of control to specify that the
34 percentage is calculated using the equity interests or voting
35 interest owned or controlled by Iowa residents. Under current

1 law, the calculation only considers equity interests owned by
2 Iowa residents.

3 The bill changes the availability of the sales tax rebate for
4 each baseball and softball complex that has received an award
5 to specify that the rebate only applies to sales tax collected
6 for the period that begins on the complex's project completion
7 date or the date on which the rebate award was made, whichever
8 is later, and that ends on the date which is 10 years after the
9 complex's project completion date.

10 The bill specifies that the amount of sales tax rebates paid
11 to a baseball and softball complex cannot exceed the amount
12 of the rebate award made by the board. The bill changes the
13 repeal date of the rebate provision to provide that the rebate
14 is repealed 30 days after a total of \$16.5 million has been
15 rebated.